

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2451 - SB 2553

February 14, 2014

SUMMARY OF BILL: Creates a procedure for the recalculation of a tax-neutral certified tax rate when the property tax rate previously calculated was based on an erroneous calculation.

ESTIMATED FISCAL IMPACT:

Decrease Local Expenditures – Exceeds \$200

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-5-1702, with the exception of the local governing body adjusting the certified tax rate calculation to reflect extraordinary assessment appeal reductions, the body must provide notice of the proposed increase in the tax-neutral rate in a newspaper of general circulation within the county and the governing body must adopt a resolution levying a tax rate in excess of the certified tax rate after a public hearing.
- If the tax rate was found to be based upon an erroneous calculation prior to tax billing, the provisions of the bill would allow for a revision to the certified tax rate upon certification of a revised calculation by the State Board of Equalization and a resolution adopted by the local governing body or of the board of education of the special school district.
- In the event the error is certified after tax billing, the provisions of the bill would require the revised rate to take effect as of the next general ad valorem levy by the local governing body or special school district.
- According to the Office of the Comptroller of the Treasury (COT), the provisions of the bill will not fiscally impact the state.
- Based on information provided by COT, the provisions of the bill will allow an erroneous rate to be recalculated without the local government entity being required to publish the recalculation notice in a newspaper of general circulation.
- Based on responses to the 2013 Local Government Survey conducted by the Fiscal Review Committee, participating local officials indicated an average cost of \$108 per notice published.
- Based on information provided by COT, such recalculation rarely occurs.

- Assuming two recalculations are necessary statewide during each tax cycle, it would result in a decrease in local expenditures of \$216 (\$108 average cost per notification x 2 notifications).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

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